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World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup

WR 11-84

March 14, 1984

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

OILSEEDS AND PRODUCTS

USDA's estimate of ARGENTINA's soybean area has been raised, leading to a 300,000-ton increase in the estimate for this year's crop to a record 5.3 million tons. It is expected that all of the increased production will be exported, meaning that soybean exports will be more than 80 percent above the 1.35 million tons exported in the current Argentine marketing year (April 1983-March 1984).

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BRAZIL's suspension on soybean and product export registrations is expected to continue until around mid-March, according to the U.S. agricultural officer in Sao Paulo. With the current harvest soon to be in full swing, CACEX, the Foreign Trade Department of the Bank of Brazil, may be more inclined to reopen export registrations, although new conditions on exports may be applied. CACEX has requested that the repayment period for rural credit loans be extended from 30 to 60 days to enable producers to hold soybeans longer and thus ration sales. Such measures must receive the approval of the Brazilian Monetary Council, which may take several weeks.

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INDONESIA's soybean meal imports are forecast to rise to 200,000 tons in 1984 compared with 129,000 tons in 1983 and 114,000 tons in 1982. The U.S. agricultural counselor in Jakarta reports that because of declining petroleum export revenue in 1983, the Indonesian government restricted soybean meal imports and attempted to find domestic protein meal alternatives. Having found no satisfactory substitutes, the poultry, livestock and aquaculture sectors applied pressure to the government, and successfully reversed the policy.

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ALGERIA has expressed interest in entering into a twoto three-year contract with U.S. suppliers to import 200,000 tons of soybean meal annually. The agreement could be negotiated within the next two to three months and become operational by June or July. The prices would be open-ended and the quantity, shipped in four installments annually, would vary by up to 10 percent. If realized, such an agreement would more than double Algeria's soybean meal imports, which were 98,000 tons in 1983 and are currently forecast to decline to 85,000 tons in 1984.

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DAIRY, LIVESTOCK AND POULTRY

Milk production in the 37 MAJOR PRODUCING NATIONS during 1983 totaled 407 million tons, nearly 4 percent above 1982. The Soviet Union, European Community (EC) and the United States accounted for most of the increase. Advances in output per cow were most significant in the production increase since milk cow numbers increased less than 1 percent. The sharpest productivity increase, 6 percent, occurred in the Soviet Union where feed supplies improved significantly. The major increase in cow numbers was in the EC where farmers expanded herds because of favorable EC milk prices.

Forecasts for 1984 indicate a 1-percent growth in milk production, with most of the increase expected to occur again in the Soviet Union. Production in the United States is projected to decline while a moderate increase is expected in the EC.

Cow Numbers and Milk Production in Selected Countries

	Cow Numbers			Milk Production		
	1982	1983	1984	1982	1983	1984
	----Million Head----			----Million Tons----		
United States	11.0	11.1	10.7	61.6	63.5	61.0
EC-10	25.1	25.5	25.6	108.2	112.3	114.1
Japan	1.1	1.1	1.1	6.8	7.1	7.1
USSR	43.7	43.8	43.8	91.0	96.4	100.0
Australia	1.8	1.8	1.8	5.4	5.7	6.0
New Zealand	2.0	2.0	2.0	6.8	6.9	7.0
Total of 37 countries	159.8	160.8	161.3	393.3	407.4	412.0

With greater milk supplies, world production of butter and nonfat dry milk (NDM) during 1983 was up sharply while the growth in cheese production was more moderate.

In 1984, projected lower cheese output in the United States will prevent any growth in world cheese output. World butter and NDM production are forecast to increase about 2 percent.

Production of Dairy Products in Selected Countries

	-------Butter-----			-----Cheese-------			--Nonfat Dry Milk---		
	1982	1983	1984	1982	1983	1984	1982	1983	1984
	----1,000 Tons---			----1,000 Tons---			----1,000 Tons----		
United States	570	593	545	2,059	2,165	2,035	635	686	585
EC-10	2,056	2,280	2,335	3,533	3,561	3,625	2,154	2,451	2,554
Japan	64	75	72	17	20	22	131	150	140
USSR	1,403	1,620	1,700	699	750	780	386	400	410
Australia	76	88	100	153	160	160	77	91	110
New Zealand	248	259	260	112	114	115	200	165	160
Total 1/	6,373	6,920	7,032	8,796	8,980	8,969	4,504	4,872	4,935

1/ Includes 36 countries for butter and cheese and 32 countries for nonfat dry milk.

Milk production in the United States during 1984 is forecast to drop about 4 percent, primarily the result of declines by producers signing up to reduce milk output under the dairy diversion program. Canadian production, following a decline during 1983, should increase in 1984 as farmers respond to increased support prices and a larger industrial quota. In the EC, rising dairy product surpluses and budget limitations are expected to result in a more restrictive price support system and slow expansion in milk production.

In the northern regions of Eastern Europe, unusually favorable weather conditions during the spring and early summer of 1983 resulted in a sharp turnaround in milk output. More normal weather patterns in 1984 are projected to cause production to dip below that of 1983. In the Soviet Union, better grain and forage crops enabled a sharp increase in output per cow. Current conditions indicate a 4-percent increase in milk output during 1984.

Australian milk production was up 5 percent in 1983 as a result of supplemental feeding that enabled farmers to more than offset the impact of the drought. With increased cow numbers and improved pasture conditions, Australian production in 1984 is forecast to increase another 5 percent or more. In New Zealand, cow numbers and milk output are projected upward as farmers find dairy farming more profitable than other livestock enterprises.

World butter production in 1983 reached 6.9 million tons, 9 percent above 1982. Most of the increase occurred in the Soviet Union, where milk output was up sharply, and in the EC, where government support prices favor the production of butter and NDM versus cheese which is more dependent on market conditions. Most of the increase in 1984 butter production is projected to occur in the USSR. U.S. production is expected to decline.

World cheese production growth slowed to 2 percent in 1983 compared to over 4 percent in 1982. Unfavorable export markets, particularly for the EC, the world's largest producer, contributed to the production slowdown. In 1984, world cheese production is projected to remain near the 1983 level. In the United States, cheese output is forecast to decline 6 percent as a result of smaller milk supplies. In the EC, a 2-percent increase is projected because of some expected improvement in domestic and foreign demand.

World production of NDM increased 8 percent in 1983, largely in response to the sharp increase in milk and butter production. During 1984, NDM output is forecast to increase about 1 percent. Lower production in the United States largely will offset another projected increase in the EC.

Casein production for the nine reporting countries in 1983 totaled 228,000 tons, 18 percent above 1982. Nearly half the increase occurred in New Zealand where production recovered from the reduced 1982 level. Output during 1984 is forecast at 215,000 tons, down 6 percent, largely due to expected declines in several European countries.

COTTON AND FIBERS

ARGENTINA has announced the reduction in the cotton export tax from 10 to 5 percent. The measure is seen as a compromise between officials wanting to increase exports for foreign exchange earnings and those wishing to reduce budget deficits. This reduction is expected to boost cotton exports during 1984.

In the UNITED STATES, cotton exports increased sharply during the first half of the 1983/84 season to $968.1 million, 36 percent above the same period on 1982/83 and the highest level in three years. Both average price and quantity recorded gains. Volume exported during August-January 1983/84 rose by 24 percent to 2.8 million bales. Average declared value increased by 10 percent to $341 per bale. Japan and South Korea are the leading markets for U.S. cotton exports.

TOBACCO

SPAIN has announced a series of measures to stimulate the production of non-fermented burley and flue-cured leaf tobacco. These measures are aimed at reducing growing surpluses of fermented burley tobacco while increasing domestic supplies of non-fermented and flue-cured tobacco, used for the production of American-blend cigarettes. In 1983, about 96-97 percent of Spain's 38,658-ton burley crop was fermented tobacco--for use in dark-type cigarette and cigar manufacture. Production of flue-cured tobacco, in 1983, totaled 4,726 tons.

Under the new regulations, an E-type burley leaf, which corresponds to burley leaf used for American blended cigarettes, has been introduced into Spain's tobacco classification. This tobacco type will be produced only from seed provided by the National Tobacco Cultivation and Fermentation Service (NTCFS), and cured and processed under contracts between the NTCFS and individual growers. The NTCFS is authorized to produce a maximum of 2,500 tons of the E-type burley leaf in 1984. The NTCFS also is authorized to increase 1984 flue-cured (type-D) production by 3,000 tons. The increased production of E-type burley and D-type flue-cured will be at the expense of fermented burley production, which will be reduced by the same proportion.

New concessions for production of D-type flue-cured or E-type burley will entail a government subsidy of 100 pesetas (US$0.68) and 40 pesetas (US$0.27), respectively, for each kilogram of fermented burley being replaced.

FRUITS AND NUTS

SPAIN's 1983/84 citrus crop is forecast at 3.54 million tons, up 5 percent from the previous estimate (see WR 48-83) and up 17 percent from last season's harvest according to the U.S. agricultural counselor in Madrid. The most significant revision is for tangerine production, which is up 13 percent from the previous estimate and up 22 percent from last season. Production, by fruit type, is as follows in 1,000 tons:

Fruit		1983/84 Forecast	
Type	1982/83	Previous	Revised
Oranges	1,652	1,835	1,873
Tangerines	920	995	1,123
Lemons	426	517	517
Grapefruit	10	13	13
Other 1/	17	14	14
Total	3,025	3,374	3,540

1/ Mostly sour oranges.

Selected International Prices

Item	March 13, 1984		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%12/	196.00	5.33	+1.00	192.00
U.S. No. 2 DNS/NS: 14%.12/	196.00	5.33	+2.25	171.00
U.S. No. 2 S.R.W..........	161.00	4.38	+3.00	154.00
U.S. No. 3 H.A.D.12/.....	193.50	5.27	+2.50	174.00
Canadian No. 1 A: Durum.12/	207.00	5.63	+5.00	187.50
Feed grains:				
U.S. No. 3 Yellow Corn....	159.00	4.04	+2.00	133.00
Soybeans and meal:				
U.S. No. 2 Yellow.........	315.25	8.58	+4.00	236.40
Brazil 47/48% SoyaPellets 4/	245.00	--	-3.00	217.00
U.S. 44% Soybean Meal.....	234.00	--	+2.00	208.00
U.S. FARM PRICES 5/				
Wheat.....................	125.65	3.43	+.74	134.84
Barley....................	102.42	2.23	+3.22	64.30
Corn......................	130.71	3.32	+2.76	103.15
Sorghum...................	110.01	4.99 4/	+1.98	98.55
Broilers 7/...............	1380.74	--	+29.10	977.30
EC IMPORT LEVIES				
Wheat 8/.................	84.38	2.30	-6.22	116.60
Barley....................	70.90	1.54	-3.85	114.70
Corn......................	56.36	1.43	-7.69	97.25
Sorghum...................	72.75	1.85	-2.25	92.35
Broilers 7/ 9/ 11/........	N.Q.	--	N.Q.	N.Q.
EC INTERVENTION PRICES 10/				
Common wheat(feed quality)	185.52	5.05	+1.27	188.60
Bread wheat (min. quality)10/	202.01	5.50	+1.06	207.10
Barley and all other feed grains.......	185.52	--	+1.27	188.60
Broilers 7/ 9/...........	N.Q.	--	N.Q.	N.Q.
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	40.70	1.11	-1.55	77.60
Barley....................	37.90	.83	-3.10	87.05
Broilers 7/ 9/ 11/........	N.Q.	--	N.Q.	N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine. 3/ Based on selected major markets and adjusted to reflect farm prices more closely. 4/ Hundredweight (CWT). 5/ Twelve-city average, wholesale weighted average. 6/ Durum has a special levy. 7/ EC category--70 percent whole chicken. 8/ Reflects lower EC export subsidy-down to 20.00 ECU/100 bag effective 14 Sept 83 from 22.50 ECU/100 bag set in Feb 1983. 9/ F.o.b. price for R.T.C. broilers at West German border. 10/ Reference price. 11/Reflects exchange rate change and not level set by EC. 12/ April-May shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis April delivery.

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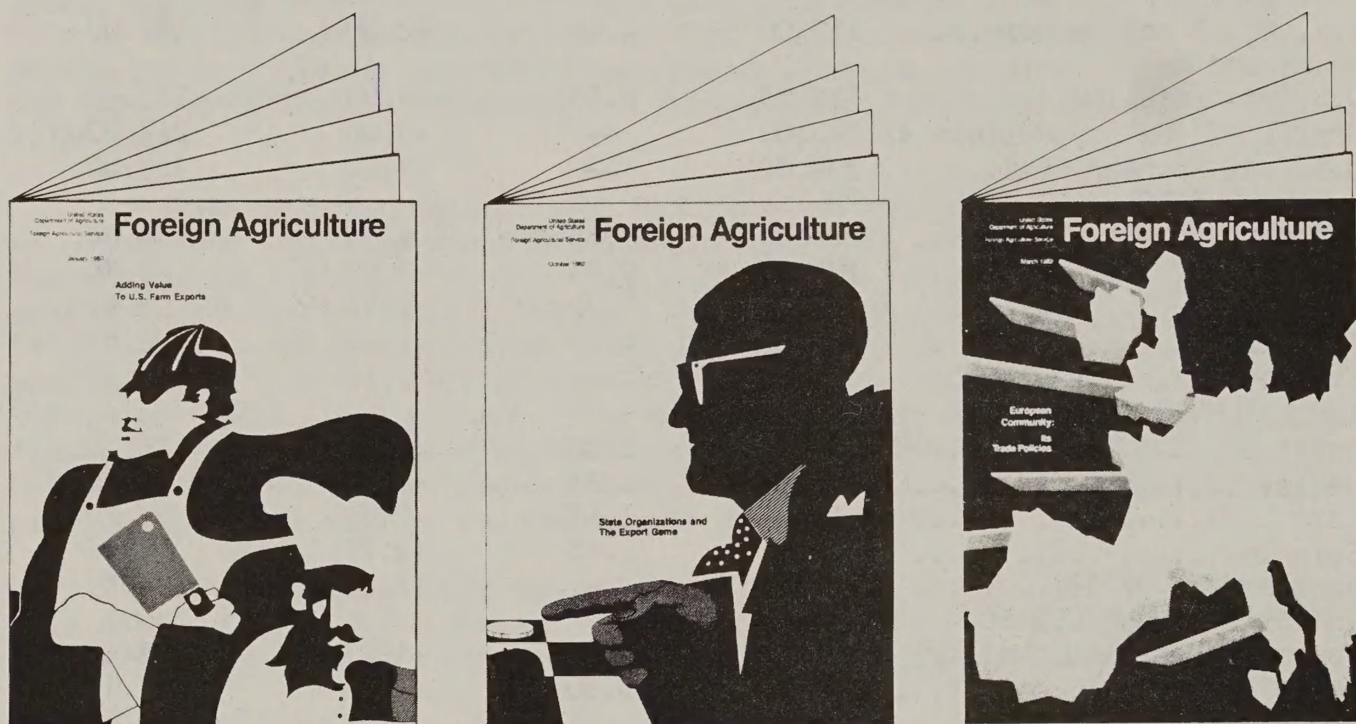

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